

Message Text

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ACTION ARA-20

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SUBJECT: ROLE OF FOREIGN INVESTMENT UNDER DISCUSSION

1. A FAIRLY EXTENSIVE PUBLIC DEBATE ON THE ROLE OF FOREIGN INVESTMENT

IN THE DOMINICAN REPUBLIC HAS BEEN UNDERWAY EVER SINCE THE ASSOCIATION

OF BUSINESSMEN (ASOCIACION DE HOMBRES DE EMPRESA), A LOOSE GROUPING OF

THE MOST IMPORTANT BUSINESS AND INDUSTRIAL ORGANIZATIONS, ANNOUNCED

ON JANUARY 17, 1974 THE ESTABLISHMENT OF A COMMISSION TO CONSIDER AND
DEFINE THE APPROPRIATE ROLE FOR FOREIGN INVESTORS IN THE COUNTRY.

2. SOURCES IN THE ASSOCIATION HAVE TOLD THE EMBASSY THAT ALTHOUGH
THE COMMISSION WOULD DISCUSS FOREIGN INVESTMENT IN GENERAL, ITS REAL
TARGET WAS THE OPERATIONS OF GULF & WESTERN AMERICAS CORPORATION.
THESE BUSINESS LEADERS HOPE TO USE THE STUDY TO LIMIT WHAT THEY SEE
AS THE EXCESSIVE INCURSIONS OF G & W INTO VARIOUS ADDITIONAL AREAS
OF THE DOMINICAN ECONOMY. THEY ARE ESPECIALLY CONCERNED ABOUT THE
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POSSIBILITY OF G & W'S COMING INTO DIRECT COMPETITION WITH THEIR

PARTICULAR ENTERPRISES.

3. THE ANNOUNCEMENT OF THE ASSOCIATION STUDY CAUSED RELATIVELY LITTLE REACTION UNTIL LUIS JULIAN PEREZ, PRESIDENT OF THE NATIONAL DEVELOPMENT COMMISSION, USED THE REGULAR WEEKLY MEETING OF THAT ORGANIZATION ON JANUARY 30 (WHICH, AS USUAL, PRESIDENT BALAGUER ATTENDED)

TO CRITICIZE PROMINENT PRIVATE BUSINESSMEN FOR SIDING WITH THE POLITICAL LEFT IN CRITICIZING FOREIGN INVESTMENT, THE CONTINUING FLOW OF WHICH HE SAID WAS ESSENTIAL TO THE GROWTH OF THE ECONOMY. JULIAN WENT

ON TO ASSERT THAT THE GODR ITSELF SHOULD CONTINUE TO HAVE BROAD RESPONSIBILITY FOR APPROVING NEW FOREIGN INVESTMENT PROJECTS, AND NOT BE STRAIT-JACKETED BY RESTRICTIVE LEGISLATION WHICH THE BUSINESSMEN'S STUDY SEEMED TO FORESHOW.

4. FOLLOWING JULIAN PEREZ' STATEMENT, SEVERAL PROMINENT INDIVIDUALS FROM BOTH THE PUBLIC AND PRIVATE SECTORS MADE KNOWN THEIR VIEWS ON THE SUBJECT. THESE HAVE INCLUDED JULIO ESTRELLA, THE HEAD OF THE NATIONAL PLANNING OFFICE, BERNARDO VEGA, THE COUNTRY'S MOST PROMINENT ECONOMIST, AND A NUMBER OF OTHER PUBLIC AND PRIVATE SECTOR LEADERS, MOST HAVE HELD THAT WHILE FOREIGN INVESTMENT IS IMPORTANT FOR THE COUNTRY'S GROWTH, IT SHOULD BE REGULATED IN SOME FASHION. EDITORIALS APPEARING IN THE RESPONSIBLE DAILY PRESS HAVE ALSO GENERALLY FOLLOWED THIS LINE.

5. COMMENT: ALTHOUGH G & W WAS APPARENTLY THE CHIEF FACTOR MOTIVATING THE ASSOCIATION'S ACTION, THUS FAR NO ONE HAS MENTIONED G & W IN THE PUBLIC DISCUSSION OF THIS ISSUE. IT IS ALSO NOTEWORTHY THAT FEW OF THOSE WHO HAVE SPOKEN OUT ON THIS SENSITIVE ISSUE THUS FAR HAVE EMPLOYED THE EMOTION-CHARGED DEMAGOGUERY WHICH HAS OFTEN MARKED THIS SORT OF DISCUSSION IN OTHER LATIN AMERICAN COUNTRIES. HURWITCH

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